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BEGIN SUMMARY: This airgram describes the history of Bolivian efforts at coca control and USG efforts to cooperate in this field since 1973. USG and GOB programs were insufficient to be effective from 1973 to 1980, and coca production expanded greatly. The Garcia Meza government itself was involved in cocaine trafficking and USG support came practically to a halt. With the assumption to the Presidency by General Celso Torrelio Villa, there is an opportunity to launch a meaningful coca control program, if he can maintain himself in power, since he realizes progress in narcotics control is essential domestically, and internationally. Though little real progress has been made in coca control and ground was lost under Garcia Meza, Bolivia has with our help created a competent development agency (PRODES) to carry out an income substitution program, and much crop research has already been completed. With USG support and continued and increasing GOB commitment to honest and effective coca control, there is an opportunity to implement a coca control program that would greatly reduce illicit coca cultivation in Bolivia over the next four or five years. This airgram discusses major issues in the implementation of such a program: political stability, timing, and governmental commitment; corruption; enforcement against big traffickers and interdiction; displacement; and USG commitment and resources. It concludes by sketching briefly a medium-term and short-term strategy for the USG. END SUMMARY.

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I. Introduction

The problem of narcotics abuse and control is difficult and there are no short-term solutions. The United States Government began seriously to address this problem only toward the end of the sixties. All Federal Government expenditures for narcotics control and treatment in 1969 were estimated at $81.4 million; by 1980 the amount was approaching $1 billion. This amount was divided more or less evenly between demand reduction (prevention, treatment and rehabilitation) and supply reduction (narcotics control and enforcement efforts).

Despite impressions to the contrary, considerable success has been attained. The number of heroin addicts in the United States dropped from over 700,000 in 1970 to about 350,000 in 1980, although the figure again surged to over 400,000 with the influx of Southwest Asia heroin. The last three surveys by the National Institute of Drug Abuse have also revealed that marihuana use among high school seniors seems, at last, to have begun to level off and decline.

Nearly all experienced officials working in narcotics control attribute our success in the reduction of heroin abuse to our overseas narcotics control programs. These programs have accounted for about five percent of total Federal Government expenditures for narcotics control. Notable successes in Turkey and Mexico and concerted efforts in Southeast Asia and Latin America have lowered the supply to the United States of heroin and marihuana. There is consensus that the closer narcotics control measures are to the source the more cost effective they are, and that the most effective action is crop eradication.

A successful crop eradication program normally requires a mix of incentives and disincentives. These include moral-suasion, law enforcement and income substitution for narcotics growers, with the mix depending upon the will and strength of each country's central government. During the past ten years, we have learned how to reduce narcotics abuse in our country by decreasing supply from abroad. As stated above, this has

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been done with a modest outlay of funds in comparison with the same amount we spent in the United States. We now know what works. It is now a question of applying the knowledge we have gained and adequate resources.

Although we have made progress in controlling heroin and marihuana, we have lost ground on cocaine. Cocaine actually should be easier to control than heroin because nearly all production comes from only two countries in South America -- Peru and Bolivia. None is grown in areas where we have no access, unlike heroin, which is grown in more than a half-dozen countries, some of which are beyond the reach of international narcotics control efforts. Coca simply has not received the attention and resources that other drugs have, and a great percentage of the funds expended in coca control has been in transit countries rather than at the source where efforts are more effective.

Last year a sizeable coca control program was launched in Peru. Progress there will be marked by starts, stops and setbacks, but if the United States Government utilizes its diplomatic influence, provides complimentary resources and the GOP performs reasonably well, a significant decrease in coca production in that country should be notable in four to five years.

A successful effort in Bolivia is essential to complement the Peruvian program. As success is attained in Peru, and if Colombia continues to prevent coca growth and production there, Bolivia will be the final link in a successful cocaine control strategy. Coca production has probably doubled in Bolivia during the past three or four years, and will do so again if the GOB, with international support, does not begin soon to implement a sound, effective control program.

We believe that the Regan administration can halt the expansion of coca production within a year and begin to show notable results in reducing the amount of cocaine flowing into the United States within four years, if it is willing to dedicate the resources and diplomatic influences essential for success. Such success would contribute greatly to the administration's war on crime and the health and welfare of American citizens, and reduce the strain on our over-burdened court system. The cost would be modest in terms of our overall expenditures for narcotics abuse and control and funds should be transferred from our less effective domestic control efforts to achieve this objective.

II. A History of U.S.-Bolivian Narcotics Control Cooperation

A. In the Beginning...

U.S.-Bolivian cooperation to control the cultivation of coca began in 1973 with a small-scale pilot project to study possible alternative crops financed by USAID.

At a meeting in Santa Cruz in June 1976, Secretary of State Henry Kissinger and President Banzer agreed to expand bilateral cooperation. To the dismay of Departmental and AID officials, Secretary Kissinger pledged $45 million to Banzer for narcotics control and income substitution projects. For several years after, GOB officials repeatedly reminded USG officials of this commitment, and USG agencies squirmed and procrastinated until the promise was set aside in the Bolivian political instability that followed Banzer. It is intriguing, though somewhat futile, to speculate on the possible results if the $45 million had been committed and a large coca control project launched when production may have been a third of what it is today.

Agreements were signed in 1977 providing for U.S. assistance for both narcotics control and enforcement and an expanded alternate crop study program. Additional agreements were signed in 1978 and 1979 to continue these programs. The total amount committed in these agreements amounted to $2,712,000 for narcotics control and $5,174,000 for alternate crops. The actual amounts expended, however, were $1,275,000 for narcotics control and $4,027,000 for alternate crops. From these agreements there remains $1,901,000 in the pipeline in unsubobligated funds and $684,000 in subobligated funds.

The publicity that accompanied the agreement between Kissinger and Banzer and later, when project agreements were signed, led farmers growing coca to fear that their livelihood was threatened. During the period preceding the 1978 elections, political activists, particularly from the UDP party, were able to exploit this fear and turn it into anti-government actions in the Yungas. After setting up a number of temporary roadblocks at different points in the Yungas, farmers surrounded a group of soldiers who were working with the military corps of engineers on a road project. The government reacted by sending in the Ranger battalion from Santa Cruz, trained in anti-guerrilla warfare, to break up the demonstrations. This experience has instilled in Bolivian policymakers a great reluctance to eliminate coca production without simultaneously being able to offer poor growers an alternate way to make a living.

B. Activities and Efforts from 1977 to 1980

1. Narcotics Control

On the narcotics control side, a number of steps were

taken to establish the basis for an effective control program. A census of coca growers was completed in November 1977. The Law for the Control of Dangerous Substances of 1972 (the first such Bolivian law) was revised in 1977 and 1979. The 1977 law made it illegal to plant coca after the census was completed. This ban was reaffirmed in the 1979 law.

Through our bilateral projects:

... A radio net was established connecting the narcotics police headquarters in La Paz with those in several departmental capitals, including the primary trafficking centers of Santa Cruz and Cochabamba;
... a system of checkpoints to control the movement of coca was set up and put into operation and a system to control the marketing of coca was established;
... a study was completed on the feasibility of a central coca marketing monopoly (ESTANCO);
... a significant number of police and customs personnel were trained in narcotics work; and
... drug detector dogs were supplied and their handlers trained.

2. Development of Income Substitution Opportunities for Coca Growers

With regard to the alternate crops study project:

... a Bolivian organization, called Proyecto para Desarrollo, Chapare-Yungas (PRODES), was set up to carry out counterpart activities;
... a number of studies were completed in cooperation with several U.S. contractors (University of Florida, Development Planning, Multinational Agribusiness Service, General Research Corporation). These resulted in over 50 publications, including seven on the feasibility of various alternate crops, a six-volume analysis of the natural resources of the Chapare, market studies, surveys of actual farming systems and the felt-needs of farmers, and technical and instructive manuals for farmers and technicians;
... the studies culminated in a project design study done by former AID officials working for the General Research Corporation which was virtually a project paper;
... PRODES began to develop nurseries and grow plants for distribution to farmers under the citrus and cacao projects;
... community service projects were initiated as an outgrowth of the felt-needs study, to establish rapport between PRODES and coca growers. Through these projects PRODES provided school furniture to 22 villages, health

part due to inadequate resources, as well as lack of GOB priority.

In 1978 President Banzer called elections, ending seven years of political stability. From then through 1980, there were a succession of political campaigns, elections, elected governments with parliaments, coups and military governments. During this period, no government was in power long enough nor had the political strength or will, to enforce the narcotics control laws. Furthermore, growing corruption, both petty and major, diminished the effectiveness of the narcotics police. Therefore, the law prohibiting new coca cultivation was never vigorously enforced, and cultivation expanded rapidly. Cocaine trafficking grew, too, and the money it generated created a powerful "cocaine mafia" which was able to influence governments at high levels.

C. The Garcia Meza Period

On July 17, 1981, General Luis Garcia Meza took power in a military coup. Because the coup interrupted the democratic process then underway and because there were indications that high-level members of the government were involved in trafficking and that the coup had been supported by cocaine traffickers, we discontinued all of our assistance under project agreements with the narcotics control police.

1. Continued USG Assistance to PRODES

After a review of our assistance to the alternate crops project, $332,215 was reprogrammed from 1978 and 1979 project agreements, to be spent during the period November 15, 1980, to May 15, 1981. The basic purpose of continuing assistance was to maintain the viability of PRODES (its experienced personnel, its rapport with farmers, and its plants and nurseries) through an interim period, so that the work of three years would not be lost and so that an alternate crop/regional development program could be initiated as quickly as possible when conditions again permitted. Although the concept of the budget was "maintenance," it did provide for some activities that allowed PRODES to continue to prepare for an active program, such as the continuation of nursery activities, purchase of seeds, the publication of instructive literature and farmer education.

In February 1981, an additional $20,000 was approved for the purchase of pineapple shoots to establish a nursery of approximately 2 hectares. In mid-May, a further $190,988 was approved for the period May 15 to July 1. The end of this program was set to coincide with an evaluation of the GOB initiatives in narcotics control at the end of the observation

that the Armed Forces were to be deployed against narcotics trafficking. He named Army Lt. Col. Arturo Doria Medina Palacios to head a newly formed National Council for the Fight Against Narcotics Trafficking, which was to be the supreme authority and coordinator for anti-narcotics actions. In addition, in early March, primarily in reaction to pressure generated after a segment of the American TV program "60 Minutes," which implicated Interior Minister Luis Arce Gomez and Education Minister Ariel Coca in the coca trade and received wide circulation in Bolivia, President Garcia removed these two ministers.

Lt. Col. Doria Medina came to the Embassy to declare his intention to undertake this new assignment seriously and to ask our assistance. While we remained highly skeptical that the regime had really changed, we tended to believe that Doria Medina at least was serious and that his effort deserved a chance. On March 19 a team of two DEA agents began a 10-day visit in La Paz to observe and evaluate the Doria Medina effort. Their mission concluded that Doria Medina appeared to be serious but lacked the experience to carry out effective actions against narcotics traffickers.

It was apparent that information about operations was being leaked to traffickers. It was recommended to Doria Medina that he form an elite group for anti-narcotics actions and agreed that DEA would send a team to train the group. It was also decided to extend the observation period for 60 days following the beginning of the training. The course got underway on April 20 with about 45 candidates drawn from the armed forces, police, customs, and immigration. After the course ended, few of the students actually participated in operations. Army Major Luis Cossio, who was head of the military police in La Paz and who Doria Medina named as his chief of operations, continued to rely on his own military police and other military troops.

Among several criteria proposed to Bolivia by the USG for judging the success of the Doria Medina effort, the two which were most emphasized were the capture and explusion to the U.S. of at least one of the five Bolivian traffickers under indictment in the U.S. and the effective control of the marketing of coca leaves.

Beginning in mid-March, Cossio, whom Doria Medina made head of coca control as well, imposed an effective system of control on coca sales. The bottom dropped out of the coca market, with prices in the Chapare reaching a low of 500 pesos (one U.S. dollar equals 25 pesos at the current official exchange rate) a carga (125 pounds). Cossio set up a system of central markets for the purchase of coca and sub-central markets for its sale to licensed retailers. The mar-

keting system was accompanied by an effective series of checkpoints along the roads out of the production areas. This system appeared to choke off most of the supply of coca to cocaine producers.

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However, its abrupt application had a devastating effect on coca farmers' incomes. Many simply stopped harvesting their coca. In mid-May a delegation of farmers from the Chapare visited Doria Medina to ask for relief. Not wanting to add a farmers revolt to the woes of the Garcia Meza regime, which was then under severe attack from within the military, Doria Medina quickly made concessions to the farmers. These concessions seriously diluted the effectiveness of Cossio's coca control system.

Shortly thereafter, on May 19, President Garcia Meza pulled the rug out from under Doria Medina, declaring that the armed forces had completed their task and were withdrawing from the drug effort. This as followed by a number of "clarifications" and reversals. Cossio ceased his operations against traffickers for about three weeks. In mid-June he began operations again.

From the beginning the Doria Medina/Cossio effort aroused opposition in Santa Cruz. Doria Medina, a lieutenant colonel, was theoretically in a position to give orders to colonels and generals; and Cossio, just a major, was carrying out anti-narcotics raids within the operations areas of other military units headed by colonels and lieutenant colonels. With the reinitiation of his operations in mid-June, a public campaign to discredit Cossio began. His troops were accused of torture and extortion. On June 22, President Garcia Meza made a trip to Santa Cruz and once more called off the effort. Cossio was banned from operating in Santa Cruz. This was effectively the end of the Doria Medina effort. He stayed on for another month "to write his reports," but resigned on July 21, along with the head of the narcotics police, Colonel Fernandez. Cossio stayed on as head of coca control, but not operations, until early September.

3. Evaluation

Whether or not Doria Medina had seriously intended to reduce cocaine trafficking when he took the position of Director of the National Council, when he left the position five months later he had accomplished little of lasting value. During the first two months, from mid-March to mid-May, he did control the movement of coca, restricting its supply to traffickers. He also kept traffickers' networks disrupted by conducting a series of search and arrest operations. While few big traffickers were picked up, they were kept on the run and their organizations were temporarily damaged as many mid-

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level traffickers were detained.

While President Garcia Meza's motives are obscure, it is probable that he intended only to do enough to impress the U.S. sufficiently to get it to end the international isolation of his government. He probably expected quicker results. When USG "recognition" did not come by mid-May, and the Doria Medina effort began to squeeze too much the powerful traffickers who had supported his government, he began his series of off-again, on-again maneuvers. In the end, nothing of a lasting nature was accomplished.

III. The Torrelio Government and the Current Situation

A retired general took over the Council for a short period after Doria Medina left, but took no effective action. On August 4, President Garcia Meza left office and was succeeded by a three-man junta made up of the chiefs of the military services. One of the junta members, Army General Celso Torrelio, became President on September 4.

1. The Political Situation and Survival

Upon taking office, President Torrelio declared his intention to return the country to institutionalized democracy in three years, to eradicate narcotics trafficking, to respect human rights and to deal with the country's serious economic problems through measures suggested by the IMF. A return to normal diplomatic relations with the United States was an important objective of his government which was achieved in early December with the arrival of the Ambassador.

President Torrelio by year's end faced three major inter-related challenges: A) strikes in the state-owned mines and a demand by the labor sector for a return to legalized union activities; B) the annual military promotions and assignments process which represented an opportunity to consolidate his position but also the danger of discontent and plotting by those less favored in the process; and C) a dangerously worsening economic situation necessitating further strong, unpopular and possibly destabilizing economic measures. Torrelio overcame initially the miner/labor challenge by negotiating with the miners, through Church mediation, a gradual return to full labor freedoms during a one year period. The promotion and assignment process, which was completed over the New Year's weekend, appears to have resulted in consolidating the President's position somewhat.

The most immediate problem now confronting the regime is the faltering economy. The goverment is planning economic measures to correct the mismanagement and excesses of recent governments. These measures will, however, increase the hardship of the poor and cause popular discontent that may give rise to anti-government political activity. The government is faced with the problem of maintaining itself in power, dealing with strong labor and peasant unrest, and continuing its movement toward institutionalized democratic government. And it must manage all these problems within the context of economic and political development.

Despite the demands and priorities of these other areas of crises and concern, the Torrelio Government understands that successful implementation of an effective coca control program is essential to good relations with the United States, and that a full relationship including aid is necessary for accomplishment of its other objectives.

2. Coca Control Efforts

On August 20, Air Force Colonel Rene Ocampo Monje was named head of the National Council by the junta. Less action-oriented than Doria Medina, Ocampo set about to reorganize the National Council and the narcotics control effort. He made some progress. His accomplishments include:

... the drafting and ratification of yet another comprehensive narcotics law,
... the "voluntary" return with considerable GOB pressure to the US of two of the five major traffickers under indictment there,
... the initiation of symbolic crop substitution projects in the Yungas and agro-industrial projects in the Chapare,
... the completion of yet another census of coca producers,
... the signing of an agreement with PRODES giving the latter the lead role in alternate crop/development programs,
... the public burning of seized cocaine previously stored in Central Bank vaults in September,
... increased enforcement activity in terms of seizures and attacks on laboratories,
... the purchase of communications equipment and arms for the narcotics police,
... and the assembling of a small staff of qualified advisors on the Council.

On the other hand, coca control has remained ineffective, with most of the coca grown in the Chapare entering illegal channels rather than the official marketing system and cocaine production in the Santa Cruz area undisturbed by government controls. Furthermore, reports circulated of official corruption, with seizures of cocaine and money being diverted into the hands of narcotic officials.

3. Looking Ahead

Ocampo left the position as head of the National Council January 19. His replacement is Army Lt. Col. Raul Gonzales Ferry, former commander of the Max Toledo Division, which is stationed near La Paz. President

Torrelio has made public announcements and assured USG officials privately of his firm intention to take effective measures for coca control and has asked for USG assistance to support his efforts. He claims he fired Ocampo for his lack of effectiveness and voices confidence in Gonzales.

PRODES is once again preparing to gear up for a full-scale program. It has asked the government for an expansion of its personnel level from 40 to 141, although IMF imposed budget constraints will probably not permit this number. USAID has presented a strategy to Washington for supporting an alternate crop/integrated regional development program in the Chapare and has asked for a team of experts to help develop a project paper. A USAID project will be contingent upon effective, concurrent action in coca reduction and marketing control.

DEA is expanding its agents from one to six, and is sending a task force to assist the GOB in enforcement and control until the six permanent members are on board. INM is willing to fund some initial eradication efforts, and must increase its funding and staff to provide the kind of "hands-on" assistance that is essential to an effective and honest eradication and control program.

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IV. Discussion of the Major Issues for Coca Control in Bolivia and USG Cooperation.

A. Bolivian Political Stability, Timing for Program Implementation and Governmental Commitment

Political stability is an important factor in the majority of narcotics producing countries. Narcotics control cooperation with Bolivia has been particularly plagued by great political instability with a consequent lack of continuity in narcotics control programs and Bolivian Government commitment to them. A major goal of the United States Government is to assist the Bolivian people to obtain a politically stable, humane, progressive and democratic government. One might argue that the United States Government should defer narcotics control activities in Bolivia until greater political stability has been achieved. Delay in implementing programs, however, would mean dealing with even greater and more complex coca/cocaine problems in the future. During the past three to four years, coca production has probably doubled in Bolivia and if effective efforts are not commenced soon, the amount is likely to continue to expand greatly in the next few years.

The argument might be made, ironically, that there are some advantages in narcotics control cooperation with a comparatively weak but friendly government--when the US Government is willing to provide adequate resources for narcotics control. In such situations we sometimes have greater influence with host governments to mold more efficient and effective programs. Strong central governments can be very difficult to work with, as exemplified by our experiences in Mexico and Turkey. Indeed, the Turks expelled the Agency for International Development and all assistance there was thenceforth necessarily provided via international organizations on completely Turkish terms. The Mexican government has refused to enter into regular project agreements, removed DEA from the eradication program, and has been very demanding in certain areas. Problems of the same degree probably would not be present in a friendly Bolivian government even though that government would be relatively weaker in terms of imposing its will upon its citizens.

While relatively weak, a cooperative military government in Bolivia would nevertheless probably be more likely to be able to undertake measures to reduce coca production than a democratic government, in which members of a congress from coca producing areas would probably attempt to impede such measures. We therefore should consider moving quickly to get the coca reduction program well launched during the next three years before a President and Congress are scheduled to be elected.

The question of commitment is a perennial one. Commitment of governments, both developing and industrialized, to narcotics control is invariably mixed and changes with time and conditions. As a rule, in developing countries the commitment to narcotics control is less because the demands for economic and social development are so great and their own domestic narcotics abuse problems are relatively smaller. The key is to work with and promote those elements within the society and government that are concerned about narcotics, and which are honest and committed. The international community must help them to gain influence within their country and carry the remainder of the government along with them.

Currently in Bolivia President Torrelio and his cabinet appear to want to do something about narcotics. They are amenable to taking advice on how to proceed although the government is weak politically and limited in resources.

Conclusion. Despite the political instability historically inherent in Bolivia, if the USG and the international community are willing to continue to exercise diplomatic pressures and to provide adequate resources, it is likely that an effective program could be launched. We believe one should be, in order not to have to cope with an even bigger and costlier coca problem in Bolivia in the future. The current government is committed to narcotics control at the top levels. We have a chance to launch a sound program and let it take root, an opportunity which may not be available again for some time.

B. Corruption

Corruption is an inevitable issue in narcotics control programs of all countries. * It is especially acute in developing countries which produce narcotics or are key transit countries. Corruption in the developing nations is not unique to narcotics but permeates nearly all activities and transactions. Corruption related to narcotics is exaggerated, however, because of the huge amounts of money involved. It is consequently distinguished not only by the direct harm it does to individuals but by the great distortions it causes in economies, development and the moral fabric of societies.

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* Narcotics corruption in the US also has been a problem. The film "Serpico" portrays only one case. There have been numerous publicized cases where large marihuana smugglers have bought their freedom at the county level through large fines recognized as "payments." There are also numerous instances of "legalized corruption" where through legal maneuvers bails are reduced and the accused then flee justice.

Narcotics corruption in producing and key transit countries often reaches the highest levels of society. In nearly every, if not all, countries where the USG has cooperated in narcotics control there have been allegations of corrupt officials at the ministerial level, although the charges usually have not been totally substantiated and the alleged involvement usually has been indirect. In at least two countries besides Bolivia, presidential and/or head of government-family involvement has been alleged (i.e., Colombia and Panama).

Police corruption is a major problem in producing and trafficking countries. It most often takes the form of extortion, keeping seized funds and selling seized narcotics. Nevertheless, modernization of police forces has generally out-distanced improvement of judicial systems in developing countries. Here criminals are often released through pay-offs and on legal technicalities.

A major area of corruption is the failure of governments to sanction corrupt officials. This is universal among narcotics producing and trafficking countries, even in those where considerable success in narcotics control has been achieved. There have been a few arrests of lower officials; normally, however, the practice is merely to transfer a corrupt official if enough outside pressure is brought to bear. Only rarely does justice reach a senior police, military or civilian offical. * Success in this area is important to better narcotics control but nowhere has progress been sterling.

In Bolivia corruption has been a problem historically, but it reached truly scandalous proportions under the Garcia Meza Government when the dictator and key ministers themselves were allegedly deeply involved in all sorts of illegal activities, the most notorious being cocaine trafficking. This nefarious regime has been replaced, and we have no evidence that President Torrelio nor any of his ministers are involved in narcotics trafficking. President Torrelio has pledged his government to begin a serious coca control effort and is requesting help from the USG to do so.

Bolivia, as other developing societies, remains marked by what we regard as irregular (in our society) and corrupt practices. Rewards and bribes are the modus operandi and, as in other developing countries, there are recognized markets where citizens go to purchase contraband goods.

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* The case of General Tweedle in Peru is a rare exception and possibly the only case of a general officer or cabinet minister being sentenced for involvement in narcotics.

Currently the recently freed press is filled with scandalous stories of corruption and demands, so far not too succesful, that justice be served. Extra-legal payments under Garcia Meza were made to buy troop commanders' loyalties and division of seized funds on narcotics raids was common as a reward for risks taken. High officials travelling around the country often hand out money to persons they consider deserving or needy. Budgets mean relatively little and accountability for funds is rudimentary. Disturbing as this picture is, to those who know other narcotics producing countries well, the depiction would vary little were one of those countries' names substituted for Bolivia.

In those producing countries where we have had success we have tried to combat corruption by calling specific cases to the government's attention and protesting at the highest levels. In few cases have our protests led to arrests or punishment of the guilty, but we have not permitted corruption to paralyze us. To the contrary, we have pressed on and in some cases allotted exceptional levels of assistance, such as in Colombia. This past experience seems relevant to the Bolivian case.

Conclusion. Corruption is a grave problem in all narcotics producing countries. It was particularly serious in Bolivia when the very top levels of government were involved and compromised. President Torrelio and his Cabinet are not involved, realize the importance internationally of narcotics control to Bolivia and want to do something. Torrelio needs both guidance and resources to make progress with his corrupt and inefficient bureaucracy. Our experience elsewhere would argue that the continued existence of corruption at lower levels does not distinguish Bolivia and we should work with Torrelio and honest elements on coca control.

C. Enforcement Against Big Traffickers and Interdiction

Sentencing big-time criminals is difficult in any society, including the most modern. During the 1950's the FBI detained, finger-printed and photographed over two hundred members of the Mafia who met at a lodge in the Adirondack Mountains. Most of these mafiosos have since died of old age, been killed by a rival group, or are still at large. Nicky Barnes boasted publicly that the New York police would never make a successful case against him, and it took years before he was finally convicted.

Making successful cases against big, rich and powerful narcotics traffickers in developing countries is even more difficult. In those cases where big traffickers have been

"eliminated" it has sometimes been through extra-legal measures that would not stand close scrutiny in connection with our human rights legislation and policies. The most successful method in apprehending and sentencing large criminals in the United States has been through financial investigations and arrests for tax evasion. This methodology is applicable to the developing world; and, indeed, assistance in this area would be highly valued by Ministries of Finance which in almost every developing country are endeavoring to broaden their tax bases. They would much rather arrest a narcotics trafficker who has been avoiding tax payments and make an example of him than to arrest an "honest" industrialist who has been merely, by custom and social acceptance, not paying taxes. We need to bring in USG officials and/or teams to help local tax officials make cases against suspected major traffickers.

Capturing major traffickers will continue to be a principal emphasis of this Embassy and a major activity of DEA working with Bolivian police. This is essential to disrupt the flow of cocaine and to keep the cost and risks of doing business very high for major traffickers. At the same time, it must be recognized that as long as high demand and profits exist in the United States and Europe, coca production continues greatly in excess of licit requirements, and trafficking networks remain in place, others will quickly fill the positions vacated by arrested big-time traffickers.

With respect to interdiction, the conventional wisdom is that only about ten percent of the traffic is or can be captured. This amount can be raised through very costly and intensive efforts, but in such instances the traffickers normally lie low until the operations are terminated. Of course, the rule stands that the closer the police interdiction efforts are to the source, the better the results. We believe a concerted effort by Bolivian enforcement officials bolstered by "hands-on" assistance of DEA and State Department narcotics control officials could intercept much greater percentages of the illicit coca and cocaine traffic than suggested by the "conventional wisdom," or than is currently being seized.

Conclusion. Enforcement against big time traffickers and interdiction will remain a major element of our program in order to keep the cost of doing business high and to reduce the flow of cocaine to the U.S., but this does not provide a lasting solution and emphasis must be placed on lowering production.

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D. Coca Eradication

The introduction to this paper argues that we have had successes in narcotics control and that the key has been reduction of narcotics production. The main hope for success in Bolivia is coca reduction through eradication.

Eradication of any crop grown by politically powerful farmers is extremely difficult in any society. Attempts to reduce tobacco production in the United States or even to eliminate subsidies to tobacco farmers, in accordance with the Surgeon General's report linking smoking to cancer a decade ago, are still unattainable. Eradication of poppies in Turkey was such a volatile issue that a government fell and US-Turkish relations reached their all time low because of it. For ten years we have been urging the Royal Thai Government, with little success, to step up poppy eradication in areas where the Northern Highlands Development Project has already introduced alternate crops. (Production has dropped with the introduction of alternate crops and through the King's and Prince Blusedej's moral-suasion but very little through destruction by government officials). And, in Peru, the Congress is debating the pace of coca phase-out and eradication in the Upper Huallaga.

Experience demonstrates that eradication of narcotics crops is possible, but that eradication is particularly difficult in traditional growing areas, i.e., where the narcotics crop has been grown for more than a generation and has become an integral part of the culture as well as a traditional crop. That it can be done is shown by Turkish, Mexican, Burmese, and Thai cases, although, as mentioned above, eradication in Thailand has been very cautious. Nevertheless, crop eradication in traditional narcotics growing areas must be recognized as an extremely political and sensitive task for any government. The Mexican and Burmese cases are special: the Mexican Government is uniquely capable of repressing poppy and marijuana cultivation among its citizens, and Burmese efforts are largely against enemy rebels in disputed territories.

Eradication in non-traditional narcotics growing areas can be effected fairly easily if the commercial production is just a few years old, the government is determined, and there are sanctions for cultivation. This was clearly the case in Pakistan where 30,000 hectares of poppies were taken

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out of production in three years through education, fines, enforcement and the moral weight of the Islamic renaissance. This has also been the case with coca destruction in Colombia where illicit commercial production has decreased lately.

In those areas where the production is not yet generational but has existed for close to two decades, the difficulty for eradication is somewhere between that of crop reduction in recent and traditional cultivation. The Chapare region of Bolivia and the Upper Huallaga fall into this category. The Yungas area of Bolivia and the Cuzco region of Peru are classified as traditional coca producing areas. The Chapare and Upper Huallaga produce chiefly for the illicit cocaine market while the Yungas and Cuzco area produce for the traditional "chewer". For that reason coca control efforts are concentrating on the Upper Huallaga in Peru and will focus on the Chapare in Bolivia.

Initial eradication efforts will be directed at the Yapacani area in Santa Cruz, however, where the growth of coca is clearly illegal. This will establish a precedent for eradication and also establish the principle of government eradication outside the Chapare and Yungas areas with no provision of alternate income programs for illicit growers.

We expect to persuade the Bolivian Government to begin a phased eradication program in the Chapare. This will not be easy. The Bolivian Government is relatively weak, the military wishes to protect its traditional Armed Forces - Peasant alliance, and almost surely would not be willing to carry out a scorched-earth destruction campaign of the type executed by the Peruvian Military in the Upper Huallaga in Green Sea I and II. The 1952 Revolution Mobilized the Bolivian peasantry and the memory of the 1978 peasant uprising in the Yungas at the threat of coca eradication still looms menacingly. Politically motivated party and union leaders are certain to attempt for, their own advantage, to stir up coca growers, as union leaders did in 1979 when they inspired roadblocks in the Chapare. More recently, in December 1981, after promulgation of the new Narcotics Law, coca growers in the Chapare surrounded a PRODES official in his car and attacked his vehicle in protest of the threat the new law poses to their principal means of livelihood.

The challenge is great but the Bolivian Government can be moved to eradicate coca through diplomacy and if they

believe they will have adequate support of an income substitution progra for coca growers in the Chapare. The question of what is adequate will have to be worked out with the Bolivian Government.

Conclusion. Eradication is essential to a successful coca control program in Bolivia and can be achieved through diplomacy and the provision of adequate resources to enable the Bolivian Government to offer poor but organized farmers an alternate way to make a living. Funds will also be required for crop eradication and control.

E. Income Substitution.

There is a myth that narcotics growers are prosperous. This is not so, although they are normally better off than fellow-farmers who do not grow a narcotics crop. The greatest advantage is the ready access to credit and a sure market that is most often not available for other crops. Yet few of the poorest urban dwellers would trade places with a narcotics cultivator. The farmer, as with all crops, is paid the lowest price possible at the farm gate by middlemen. This is as true of opium and coca as it is for potatoes. This makes an income substitution project possible and not as costly as one might expect.

Successful income substitution and control projects have been implemented in Turkey and in North Thailand. Another project has been launched in the Upper Huallaga of Peru. Such projects require time to gain success, although the rate of progress can probably be advanced with greater resources. Income substitution projects must be combined with sanctions and disincentives, including eradication for growing the narcotics crop, since no licit crop can compete with illicit narcotics. Not to combine income substitution projects with enforced controls will only lead to diversified farmers also growing the narcotics crop. The sanctions need not be heavy or abusive, merely sufficient to make growing unprofitable and not worth the risk.

The question of pre-emptive purchase of narcotics crops as a means to provide an alternate source of income to growers while attempting to move them to other sources of income has been raised repeatedly in narcotics control, and always rejected. It is too costly, rewards people for growing an illicit crop, and is not feasible.

A great deal of ground work has already been done in Bolivia for a viable income substitution project. Numerous studies have been performed and crop research is advanced. Most important, there is a viable organization with expertise and a core staff upon which to build--PRODES. What is required is a concerted but not costly effort to pull together what has been done previously and to develop a sound, integrated rural development project, which can be implemented upon the condition that the Bolivian Government has begun a serious coca control effort.

We have made it clear to the Torrelio Government that the USG will not support a Bolivian project to purchase excess coca production. In the case of the Chapare, coca is only one of a number of crops already grown by small farmers, and if marketing systems can be improved, improved crops will be able to generate an acceptable income to farmers as they reduce their coca production. An effective coca control program is not possible in Bolivia, however, without a fairly sizeable income substitution project. Bolivia is not Mexico. As noted in the introduction to this paper, we believe a great deal can be achieved in this country following the ouster of the Garcia Meza Government, but only if the USG and the international community are willing to support GOB efforts with adequate assistance.

Conclusion. Our AID Mission is working to prepare a sound integrated development project for the Chapare that would complement coca control and eradication efforts of the Bolivian Government. We need short term help from Washington to assist in this effort. The Embassy Narcotics Control Unit and DEA are working to create with the Bolivian Government a viable control and eradication strategy. The AID development project will form an integral part of the AID's Long Term Country Development Strategy, which concentrates on the vital La Paz, Cochabamba, Santa Cruz corredor. The project will first and foremost meet the highest standards of an AID project. As stated, its submission and implementation will depend upon the Bolivian Government having begun to take concrete and meaningful measures toward an effective control program and having planned and laid the basis for coca eradication.

F. Licit Production.

Coca is chewed regularly by approximately one million

farmers and miners in Bolivia, or perhaps one-fifth of the population. Its use not only alleviates the pangs of hunger and weariness of work but is also an essential part of many rites and customs deeply ingrained in Bolivian society.

This makes coca control in Bolivia far more difficult but it would be unjust to deprive chewers of coca unless it is clearly established to be malevolent. Moreover, it would not be politically feasible to eliminate coca chewing; in fact the degree to which mastication is ingrained in Bolivian culture would make elimination over the short term impossible. Any attempts would engender strong and politically unacceptable peasant and miner reactions.

Conclusion. The USG has not and will not propose elimination of coca chewing to the Bolivian Government. The program we support will attempt to establish controls and machinery to provide the licit-chewer coca at a reasonable price.

G. Displacement.

An important question that always arises when narcotics eradication is discussed is that of displacement. Does not the eradication in one area merely lead to the crop being cultivated in another? Is not this inevitable as long as there is a lucrative US and European market? It is pointed out that when Turkish poppy production came under control, poppy production began to expand in Mexico, and after Mexico attained success in narcotics control, the U.S. was hit by an influx of Southwest Asian heroin.

The response to this valid question is that the world is finite. Bringing illicit narcotics production from plants down to manageable levels world-wide is a twenty to forty year process, and the USG has been at the effort seriously for only a decade. Moreover, as pointed out earlier, eradication in new cultivation areas is much easier and cheaper. Once the traditional growing areas have been brought under adequate control, the remaining task will not be so formidable.

Conclusion. Displacement is a serious problem with coca. A successful control effort in Peru will stimulate greater production in Bolivia. Within Bolivia it is essential to try initially to restrict major production to the Chapare and the Yungas and then to reduce production to licit demand levels. The principle must be clearly established that all cultivation outside those two areas is illegal and to be des-

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troyed without programs to provide alternate income to growers. That is why eradication probably should first be carried out in Santa Cruz or the Beni. Throughout the Bolivian effort and after eradication success in the Chapare, displacement will continue to be a problem. There will have to be vigilant control programs to prevent a resurgence of cultivation.

H. USG Seriousness about Coca Control and Commitment of Resources.

A decade ago narcotics abuse was erroneously described throughout the world and even in the United States itself as a "peculiarly American disease." When soliciting cooperation from the developing nations that were producers and key transiting countries, their officials invariably responded that drug abuse was a United States problem, that there would be little production if there were not the lucrative U.S. market, that developing countries had other economic and social problems of higher priority, and that the United States with its great resources should be able to reduce the demand, close its frontiers to illicit traffic, and bear the burden for narcotics control abroad in a way that poor narcotics producing farmers were not affected.

The situation has changed. The drug epidemic in Europe, the growing abuse problem in a number of developing countries, and the fact that narcotics control has become an important objective in U.S. foreign policy has altered the situation. Most developing country officials now acknowledge the need to do something about narcotics production and enforcement, but continue to express amazement that with all America's riches and science we have not done a better job at lowering demand. They remain astonished that the most powerful military nation in the world permits drug traffickers to penetrate its airspace and ports at will, and are bewildered by our asking them to commit their Armed Forces to the fight while, until very recently, refusing to use our o[illegible] (and even now in a limited way).

The same is true of eradication. Foreign officials question why they should destroy farmers' illicit crops, especially using politically sensitive (though ecologically safe) herbicides when we have been reluctant to do the same. Finally, though conscious of the inadequacies and corruption within their own legal systems, they read American news magazines and ask why so few drug traffickers are apprehended

and sentenced, and why the sentences are so mild. With those countries with which we have "prisoner transfer treaties," the gentle treatment we mete out to narcotics offenders is dramatically illustrated and they believe their police arrest American violators only to be returned to the United States under the treaties and set free.

Bolivia has become acutely aware of the need to take more effective coca control. The motivation derives from USG and some international diplomatic pressures plus shame at the notoriety coca trafficking has brought to the country. There is not yet sufficient use of cocaine or coca paste among Bolivians to make this a driving force (although use is increasing) and, as described earlier, coca mastication is not regarded as an evil. All in all, though, the Bolivian Government is now convinced it must do enough in coca control to re-establish its good name. Bolivia, as the poorest, most underdeveloped country in South America, needs help to tackle this huge problem. The United States must act as the initiator and catalyst of a program of assistance for coca control in Bolivia. Without an initial US commitment, other donors will not be interested. Once US assistance is committed, donors such as the World Bank, the IDB, the Germans, and the Taiwanese may be persuaded to direct some of their financing to complimentary activities. It may also be possible to obtain some token assistance from UN organizations such as UNFDAC and the FAO. We must expect, however, that the U.S. will be the major source of international assistance.

Aside from the question of Bolivian commitment, which must be shown through concrete acts, there is therefore the necessity of USG commitment of resources for well-conceived programs if there is to be a successful coca control effort in South America and specifically in Bolivia.

V. Strategy for Bolivia

A. Medium Term

A comprehensive strategy to reduce the flow of cocaine from Bolivia to the United States will necessarily include several elements:

Coca Reduction. The key element is to reduce the supply of coca available for the illicit market to a minimum. This will require the rapid elimination of coca growing outside the "traditional" growing areas, i.e., prompt eradication of coca in the Yapacani area of Santa Cruz

and in the Beni, without compensation to growers. This will be followed by the reduction of coca grown in the Chapare area over a four to five year period;

Alternate Crops and Regional Development. Reduction of coca growing in the Chapare must be complemented with a program to introduce alternate crops, improved infrastructure, marketing systems and agroindustries, as well as supporting and social services, in order to provide farmers with other sources of income. This program is essential to reduce grower resistance to coca eradication;

Control of Coca Movement and Sales and Provision to Legitimate Users. The government must improve its coca purchasing, control, and distribution system, under existing law, in order to assure that legitimate users are provided with coca and to prevent excess production from reaching traffickers;

Interdiction. Complementary to the above, the capture of major traffickers, seizure of cocaine, and discovery and disruption of factories and laboratories are essential to disrupt the flow of cocaine, keep the cost of doing business high, and reduce the illicit market price for coca;

Prevention of Displacement. Existing laws against new coca plantings must be strictly enforced, to prevent coca growing from springing up or expanding in new areas. This will require constant vigilance and repressive action on a national level.

Achievement of all these will require substantial USG resources and lots of "hand-on" technical assistance to help the Bolivians create and maintain a relatively honest and efficient agency for coca control, improve enforcement efforts, and expand PRODES as a rural development corporation.

B. Short Term

In the next few months we should encourage the Bolivian government to move from declarations of intent to control narcotics trafficking to more concrete actions. These would include:

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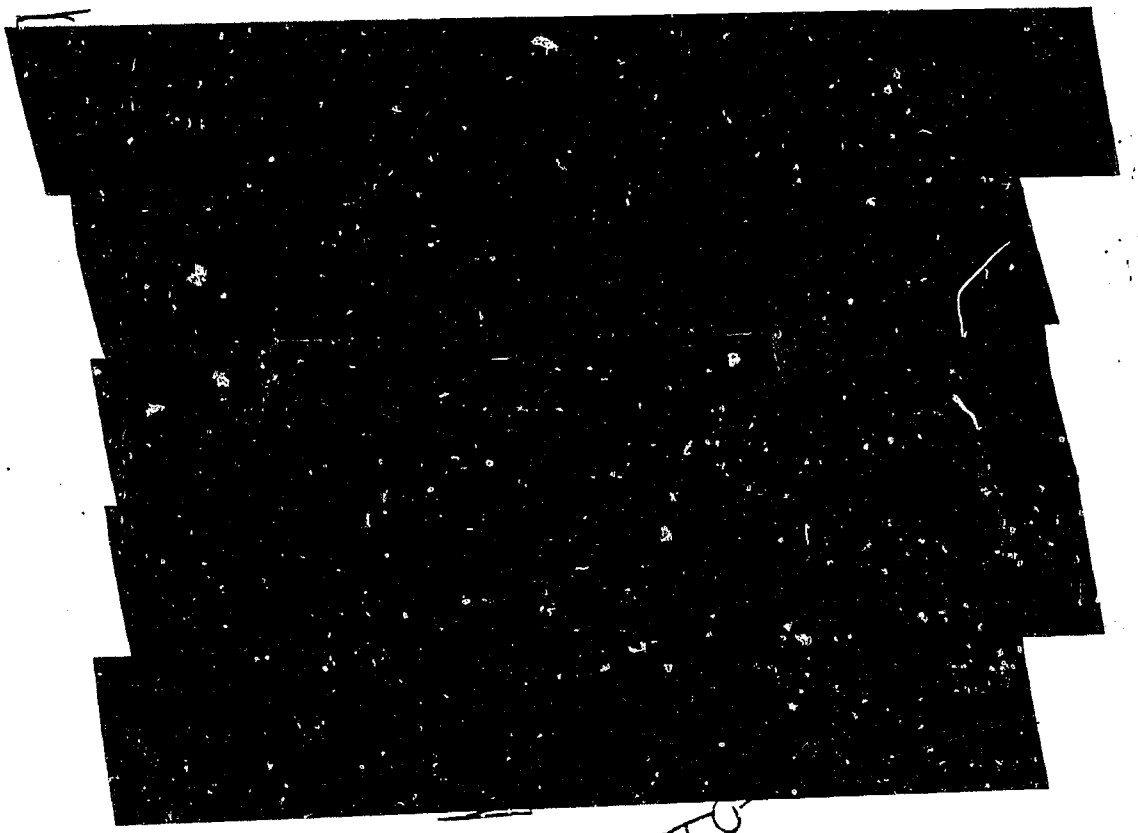
... the destruction of coca fields, beginning initially outside the Yungas and the Chapare and then moving into the Chapare;

... the improvement in the control of coca movement from the farmer to legitimate users;

... the increased arrest and detention of major narcotics traffickers, action against factories and laboratories, and seizures and destruction of cocaine;

... appointing honest, dedicated and competent narcotics control officials and the taking of action against GOB officials for narcotics corruption.



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